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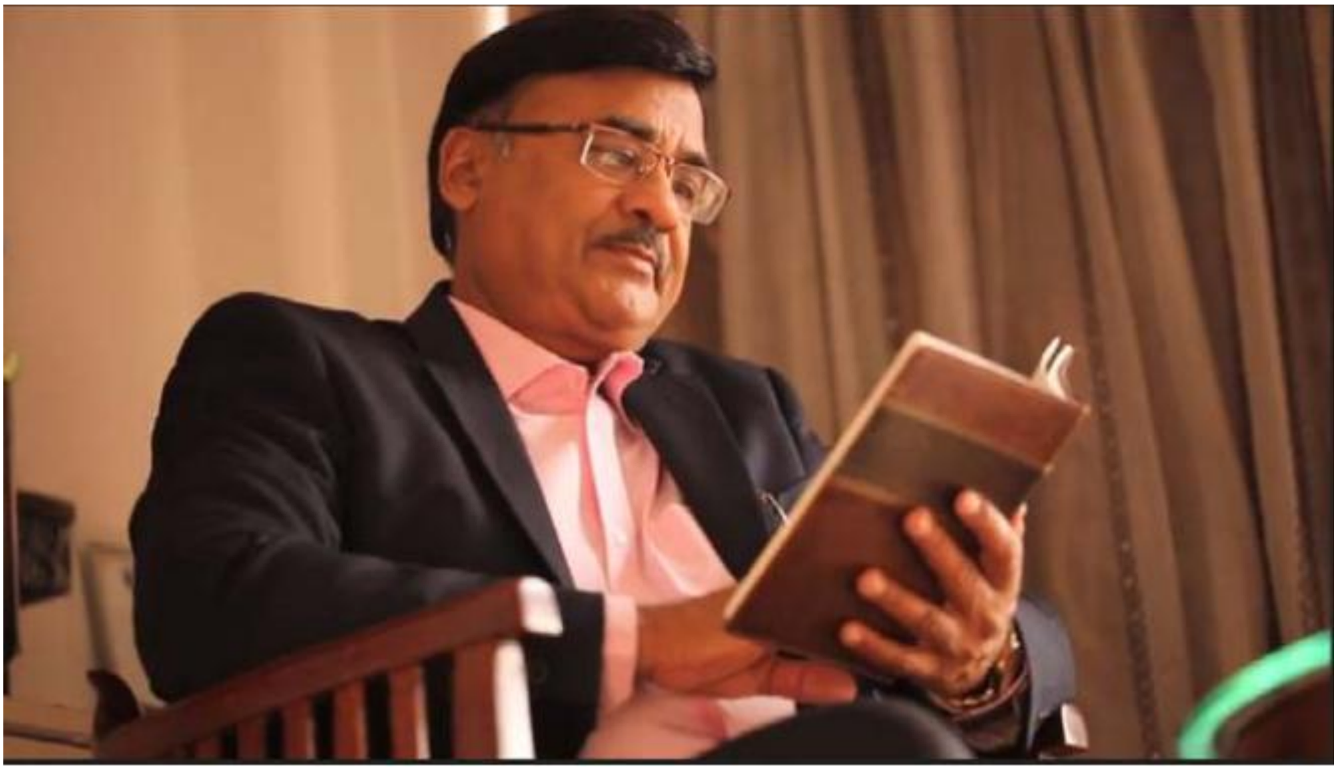

CA (Dr.) Ashok Ajmera's Weekly Column as on December 20th, 2025

" Indian Markets Ended The Week Higher: Equities, Commodities and Rupee Lifted by Institutional Support and Global Optimism"

CA (Dr.) Ashok Ajmera's Weekly Column

Indian markets closed the week on a positive note, with the Nifty 50 and Sensex rising on the back of softer US inflation data that raised hopes of future Federal Reserve rate cuts, broad-based sector participation, and renewed foreign inflows. Gold prices slipped slightly on Friday but still posted a modest weekly gain of around 1.1% amid softer US inflation data and a firmer dollar. Silver outperformed, climbing mid-week and ending the week with a strong gain of about 8%. The Indian rupee strengthened to close around ₹89.27 per US dollar, on track for its best weekly performance in recent sessions supported by RBI measures and reduced bearish sentiment, though dollar demand capped further upside.

The top gainers in the Nifty 50 index were Shriram Finance (up 6.33%), Interglobe Avi (up 6.03%), TATA Cons. Prod (up 3.02%), Infosys (up 2.53%) and Tech Mahindra (up 2.16%). The major losers in the Nifty 50 index were Axis Bank (down 4.32%), JSW Steel (down 4.08%), Eternal (down 4.03%), Sun Pharma (down 2.71%) and ONGC (down 2.16%).

Particulars	Close (19/12/2025: Friday)	Open (15/12/2025: Monday)	Previous Close (12/12/2025: Friday)	Change (%)
Nifty 50	25,966.40	25,930.05	26,046.95	-0.31
Sensex	84,929.36	84,891.75	85,267.66	-0.40
Nifty Midcap 100	60,310.15	60,209.85	60,283.30	0.04
Nifty Small cap 100	17,390.35	17,389.15	17,389.95	0.00
		Sectoral Indices		
Nifty Bank	59,069.20	59,053.70	59,389.95	-0.54
Nifty Auto	27,657.25	27,706.05	27,820.85	-0.59
Nifty IT	38,691.60	38,125.95	38,274.75	1.09
Nifty PSU Bank	8,357.30	8,218.30	8,247.80	1.33
Nifty Fin Services	27,378.60	27,511.85	27,672.60	-1.06
Nifty Pharma	22,751.25	22,736.75	22,808.70	-0.25
Nifty FMCG	54,781.35	54,473.45	54,490.80	0.53
Nifty Metal	10,521.10	10,513.65	10,536.45	-0.15
Nifty Realty	884.90	884.70	886.55	-0.19
Nifty Media	1,394.40	1,413.60	1,409.85	-1.10
Nifty Energy	34,796.40	35,016.55	35,039.85	-0.69
Nifty Private Bank	28,411.50	28,673.45	28,802.35	-1.36
Nifty Infra	9,557.20	9,531.15	9,551.55	0.06
Nifty Commodities	9,221.90	9,249.35	9,263.75	-0.45
Nifty Consumption	12,191.25	12,173.20	12,211.90	-0.17
Nifty PSE	9,535.50	9,548.45	9,564.40	-0.30
Nifty Serv. Sector	33,662.75	33,618.05	33,803.75	-0.42
Nifty Healthcare	14,711.35	14,712.25	14,753.85	-0.29
Nifty Oil & Gas	11,959.25	11,920.90	11,927.00	0.27
Nifty INDIA MFG	15,198.85	15,185.55	15,225.30	-0.17
		US Indices		
Dow Jones	48,134.89	48,594.36	47,716.42	-0.67
S&P 500	6,834.49	6,860.19	6,849.08	0.10
NASDAQ 100	25,346.18	25,352.87	25,434.89	4.93
		Commodities		
Gold (in Rs./ 10 gram)	1,34,196	1,34,204	1,26,743	0.43
Brent Crude oil	60.56	61.09	62.31	-1.06

FII and DII activity

In the week gone by, FIIs were net sellers of Rs. 251.86 Crores and DIIs were net buyers of Rs. 12,061.92 Crores. In the previous week FIIs were net sellers of Rs. 9,201.89 Crores and DIIs were net buyers of Rs. 20,184.70 Crores. In the month of October 2025, FIIs net sellers of equities worth Rs. 2,346.89 Crores and DIIs were net buyers of equities worth Rs. 52,794.02 Crores.

Sector Movement

The Outperforming sector was Nifty PSU Bank, up by 1.33% and the worst performing sector was Nifty Private Bank, down by 1.36% in the week.

Global Market and Major Developments

US

US equity markets ended the week on a mixed note. Small caps underperformed, with the Russell 2000 falling 0.86%, followed by the Dow Jones Industrial Average, down 0.67%, while the S&P 500 and S&P MidCap 400 were largely flat and the Nasdaq Composite gained 0.48%. US Markets started the week weaker amid ongoing concerns around elevated AI-related valuations and spending, along with mixed economic data but sentiment improved toward week's end after encouraging inflation data and strong earnings from Micron Technology supported a rebound, particularly in technology stocks.

Macroeconomic data delivered mixed signals. The November nonfarm payrolls report showed job additions of 64,000, beating expectations and rebounding from October's decline, which was distorted by federal government job losses due to the shutdown. Job gains were concentrated in healthcare and construction, while the unemployment rate rose to 4.6%, the highest in over four years. Meanwhile, inflation data surprised positively, with headline CPI easing to 2.7% YoY and core CPI slowing to 2.6%, the lowest since early 2021, helped by a sharp moderation in shelter cost inflation—boosting investor confidence despite some data-collection caveats.

Business activity indicators pointed to slowing momentum, as S&P Global's Flash Composite PMI fell to a six-month low of 53.0 in December, reflecting weaker growth in both manufacturing and services and softer business confidence. In fixed income, US Treasuries posted gains as yields declined following the Federal Reserve's prior rate cut, outperforming municipal and high-yield bonds. Munis remained stable but quiet, while high-yield sentiment improved after the CPI release, with trading volumes subdued and activity driven largely by issuer-specific developments.

Europe

European equities posted strong gains, with the STOXX Europe 600 rising 1.60% in local currency terms, supported by signs of steady economic growth and easing monetary conditions. Major markets advanced, led by Italy's FTSE MIB (+2.86%) and the UK's FTSE 100 (+2.57%), while France's CAC 40 gained 1.03% and Germany's DAX added 0.42%, reflecting broadly improved investor sentiment across the region.

The European Central Bank kept its deposit rate unchanged at 2.0% for the fourth consecutive meeting, with President Christine Lagarde stating policy remains "in a good place" amid ongoing uncertainty. The ECB reiterated its data-dependent, meeting-by-meeting approach and upgraded its growth outlook, projecting GDP growth of 1.4% in 2025, 1.2% in 2026, and 1.4% through 2027–28. Inflation is expected to dip slightly below the 2.0% target in 2026–27 before returning to target in 2028.

In the UK, the Bank of England cut rates by 25 basis points to 3.75% following a narrowly split vote, signalling a cautious shift toward easing as inflation and labor market pressures cooled. Headline inflation slowed to 3.2% in November, while unemployment rose to 5.1%, the highest since early 2021, and wage growth moderated further. Elsewhere, Sweden's Riksbank and Norway's Norges Bank held rates steady, with both central banks signaling a wait-and-watch stance amid lingering inflation risks.

Japan

Japanese equity markets declined over the week, with the Nikkei 225 falling 2.61% and the TOPIX down 1.17%, as technology stocks tracked weakness in US peers amid concerns over elevated valuations and heavy AI-related spending. On the policy front, the Bank of Japan delivered a widely expected 25 bps rate hike, lifting its benchmark rate from 0.50% to 0.75%—the highest level since 1995—reflecting growing confidence in its economic outlook. Bond yields moved higher, with the 10-year JGB yield rising to 2.01%, as the decision was largely priced in by markets.

Investor attention centred on guidance for future policy moves, but BoJ Governor Kazuo Ueda offered limited clarity, emphasizing that further rate increases would depend on economic conditions, inflation, and wage growth trends. The lack of forward guidance weighed on the yen, which weakened to around JPY 157.3 per U.S. dollar. Economic data remained supportive of gradual policy normalization, with core CPI holding at 3.0% YoY in November and exports rising a stronger-than-expected 6.1%, aided by robust U.S. demand and the competitive boost from a weaker currency.

China

Chinese equity markets ended the week mixed, pressured by a set of weak macroeconomic indicators highlighting sluggish domestic growth. The CSI 300 fell 0.28%, while the Shanghai Composite was largely flat, edging up 0.03%; Hong Kong's Hang Seng Index declined 1.10%. Economic data disappointed, with retail sales rising just 1.3% YoY in November—the slowest pace since the pandemic—while fixed asset investment fell 2.6% over the first 11 months of the year, putting it on track for its first annual contraction since records began in 1998. Industrial output also undershot expectations, growing 4.8% YoY, reinforcing concerns around weak internal demand.

The data underscored consumption as a key soft spot despite ongoing policy support. Signals from the Central Economic Work Conference suggested Beijing is unlikely to roll out aggressive new stimulus, opting instead for calibrated rate and reserve requirement cuts and a "necessary" level of fiscal spending in 2026, while continuing to prioritize a manufacturing- and export-led growth model with gradual steps to revive domestic consumption.

Major Developments in Domestic Markets

1. India's central bank minutes showed policymakers see scope for further rate cuts next year as growth is expected to slow and inflation remains subdued, suggesting more monetary easing may be on the table.
2. India and Oman signed a Comprehensive Economic Partnership Agreement (CEPA) that will give Indian goods duty-free access on 98.08% of Omani tariff lines, covering about $3.6 billion worth of exports, in a move expected to significantly expand bilateral trade and investment ties.
3. China has filed a formal World Trade Organization (WTO) case against India, challenging New Delhi's tariffs on information and communications technology (ICT) products and subsidies for the photovoltaic (solar) sector, saying these measures give India's domestic industries an unfair competitive advantage and violate WTO rules.
4. India's net direct tax collections rose 8% year-on-year to ₹17 trillion (about $188.5 billion) between April 1 and December 17, 2025, driven by higher corporate and individual tax receipts, while gross collections reached ₹20 trillion and the government remains confident of meeting its ₹25.2 trillion full-year target.
5. India's Parliament approved a landmark atomic energy bill that opens the civil nuclear power sector to private and foreign companies, aiming to boost capacity toward a target of 100 GW by 2047 and mark a major shift from decades of exclusive state control.
6. India has imposed a five-year anti-dumping duty on certain cold-rolled steel imports from China, with levies ranging from $223.8 to $414.9 per ton to protect domestic producers from "dumped" cheap imports.
7. India's Russian oil imports have shown resilience despite U.S.-led sanctions, with shipments expected to top about 1.2 million–1.5 million barrels per day in December 2025 as state refiners continue purchases and buyers rush to secure discounted cargoes.
8. India aims to shield sugarcane farmers from income losses by managing surplus supplies through exports and diverting more sugar for ethanol production, a senior government official said on Thursday.
9. India's markets regulator approved changes to mutual fund fee structures aimed at providing more transparency to investors, but deferred its decision on a new framework to manage conflicts of interest among its senior officials.
10. India's parliament approved a bill to raise foreign direct investment in the insurance sector to 100% from 74%, a move that will help insure more people in the world's most populous country.

Ajcon Global’s observations and view:

Short term view:

1. Indian equities are likely to trade with cautious optimism next week, supported by a combination of domestic and global factors. Positive triggers include the recently signed India-Oman trade deal, strong FII inflows over the past 2–3 sessions, and robust tax collections from April to December. On the corporate front, expectations of strong quarterly results from the IT sector, led by companies like Accenture, are likely to bolster sentiment. Additionally, cooling US inflation data may ease concerns over global rate pressures, providing further support to risk appetite.

2. However, investors are advised to remain selective and cautious, given uncertainties surrounding the India–U.S. trade deal and potential external headwinds. Focus is likely to remain on sectors benefiting from domestic demand growth and companies that are resilient to global macro volatility, while closely monitoring developments that could influence market sentiment.

3. We continue to recommend accumulation in selective fundamentally strong midcap stocks across sectors such as PSUs (Railways, Defence, Infra), public sector banks, FMCG, food processing, agro-based industries, infrastructure, banking & financials, Pharmaceuticals, Real Estate, Defence many of which remain attractively valued amid supportive domestic trends. While some sectors continue to face pressure from steep US tariffs, the recent GST rate rationalization has provided some relief and could support a gradual recovery in those sectors too.

Long term view

1. We believe the Indian economy remains well positioned relative to global peers. Strong GDP growth, contained inflation and the recent RBI rate cut provide a foundation for sustained economic expansion and long-term market growth. These factors are likely to support corporate earnings, investment activity and investor confidence over the coming years.

2. Our faith remains in the Equity as the best asset class in the World but advice caution to the investors to be selective & remain invested in fundamentally strong companies at every fall.

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